



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JUNE 19, 2001

Identity-Preserved Grain Article Featured. The premier issue of the weekly trade publication, *Food Traceability Report*, published by the CRC Press LLC, includes an article concerning the challenges faced by U.S. shippers in accessing global markets for containerized identity-preserved (IP) grain. The publication, which debuted early this month, was developed with the goal of reporting international food traceability issues, such as segregation, identification, certification, and labeling. "U.S. Struggles To Find Markets For Containerized IP Grain Shipments," highlights the problems of shippers in finding foreign buyers willing to pay extra for IP grain shipments.

Heidi Reichert of USDA's Agricultural Marketing Service noted that, despite the advantages of IP shipments, U.S. volumes still lag behind competitor markets. "There is still a lot of interest in containerized shipping, and we hear that more is being shipped, but it's hard to find the numbers," stated Reichert. "State departments are interested, port facilities are interested, and shippers and exporters are interested because of the high dollar [value]. The stumbling block is finding the buyer," she continued. Conversely, Australia and Canada, two primary U.S. competitors, are moving substantial amounts of IP grain. According to Reichert, the answer to increasing U.S. shipments may be in marketing. Some advantages of containerized cargo include the avoidance of grain commingling, reduced time and costs in handling, limited damage and theft, an increase in market diversification from available specialty grains, and increased container space provided by newer ocean vessel design, potentially leading to decreased ocean freight rates. The shipper also stands to benefit timewise and economically by being able to outsource logistical duties to a freight forwarder and in pooling cargo through a shippers association, for example, thereby reducing costs. In the report, *Identity Preserved Grain: Logistical Overview*, Reichert and coauthor Kimberly Vachal of the Upper Great Plains Transportation Institute, emphasized that advantages such as these can help producers more efficiently deliver a higher quality product, charging premiums and increasing profits.

The *Food Traceability Report* is available online at www.foodtraceabilityreport.com/. *Identity-Preserved Grain - A Logistical Overview* is available through the USDA's Transportation and Marketing website at www.ams.usda.gov/tmd/IPGrain/index.htm

U.S. DOT Issues I&M Rail Link Loan Guarantee. The U.S. Department of Transportation (DOT) issued its first Railroad Rehabilitation and Improvement Financing (RRIF) loan guarantee, in the amount of \$100 million, to I&M Rail Link, a 1,385-mile regional railroad serving Illinois, Iowa, Missouri, and Minnesota. The funds were granted to help the railroad recapitalize and invest more funds in track improvements. Approximately 15 percent of the railroad's more than 200,000 annual carloads are for farm products, while another 15 percent are for food and kindred products. (USDA, Transportation and Marketing Division, MTA, Marvin.Prater@usda.gov, <http://www.wimrail.com/Profile.htm>)

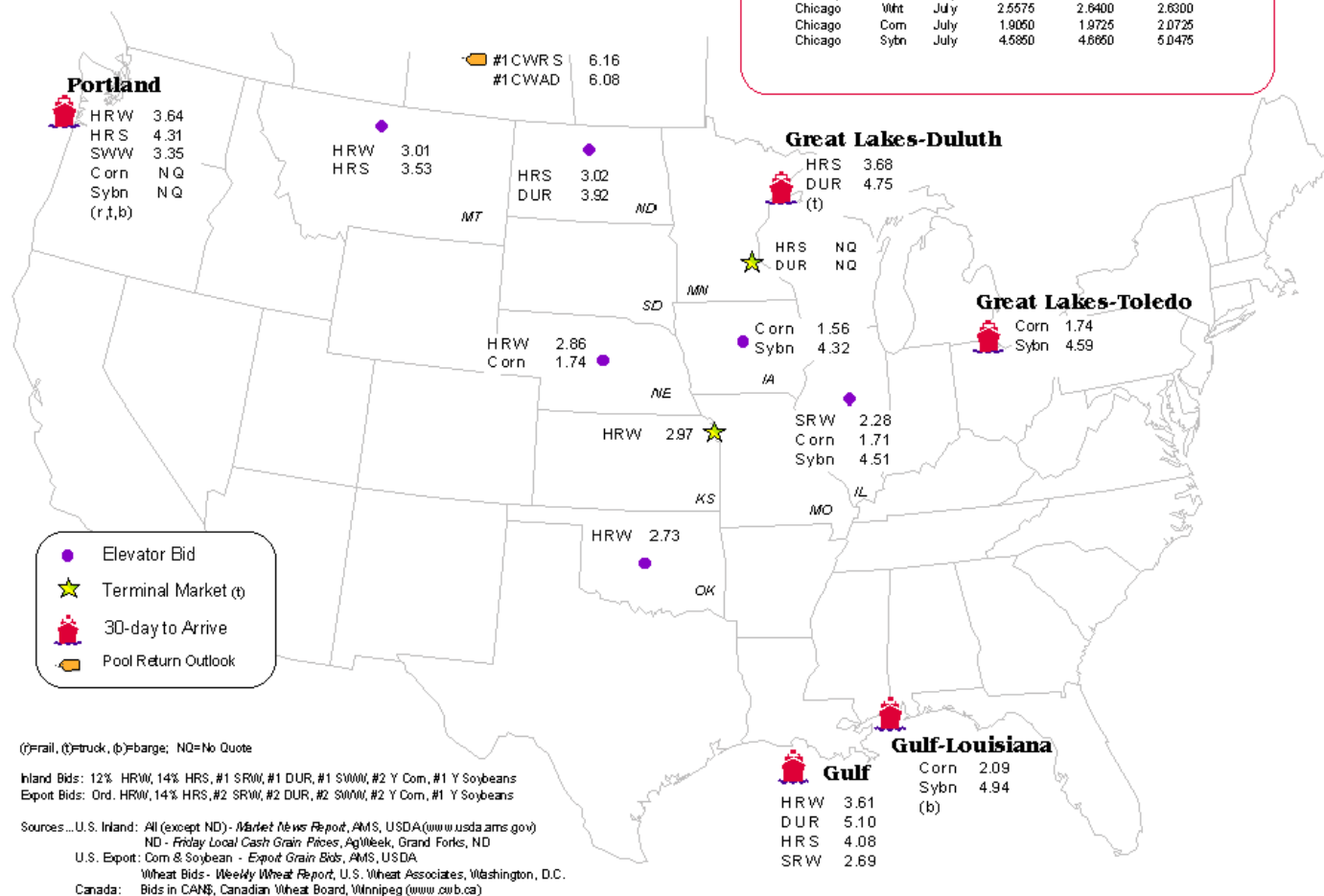
USDA Releases Grain Transportation Prospects. USDA recently released its assessment of the grain transportation situation in the United States and expectations for the next few months. The information provided helps railroads, producers, shippers, and receivers prepare for changes that occur in agricultural transportation throughout the year. USDA indicates that U.S. soybean production will drop 2.34 percent compared to last year, while 2001/02 wheat production is expected to drop by 12 percent, accompanied by declining stocks and higher prices. U.S. corn exports are expected to increase due to reduced competition from foreign exporters.

In grain transportation, average ocean freight rates from the U.S. Gulf and Pacific Northwest to Japan, two key grain routes, were down slightly for the second quarter of 2001, compared to the same quarter in 2000. On the upper Mississippi River, grain traffic at Locks and Dam (L&D) 15 at Rock Island, IL, began in early March and increased almost weekly until navigation restrictions were implemented in April due to flooding. Significant increases in June barge movements that could extend into August are expected. While major railroads waited for the Surface Transportation Board to issue new rules governing mergers (which were released June 11), several entered into alliances to increase their efficiency and customer service. Year-to-date, western railroads have originated 4.8 percent fewer railcars than during the same period in 2000. In the East, grain car origination increased 8.2 percent for the first week of 2001, compared to the same period last year. In fuel markets, diesel prices remain volatile. The report shows that even though the benchmark indicator trended downward to \$28.88 in May, compared to \$30.33 last year, these lower prices do not correspond to price data for diesel at the pump.

The *Grain Transportation Prospects* report is available on the Internet at www.ams.usda.gov/tmd/mta/index.htm. For more information, contact Karla Martin, USDA-AMS-TMP-MTA, Room 1209-S., 1400 Independence Ave., SW., Washington, DC 20250, tel. 202-690-1303, fax 202-690-3616, or e-mail Karla.Martin@usda.gov. The next issue of *Grain Transportation Prospects* will be published in August.

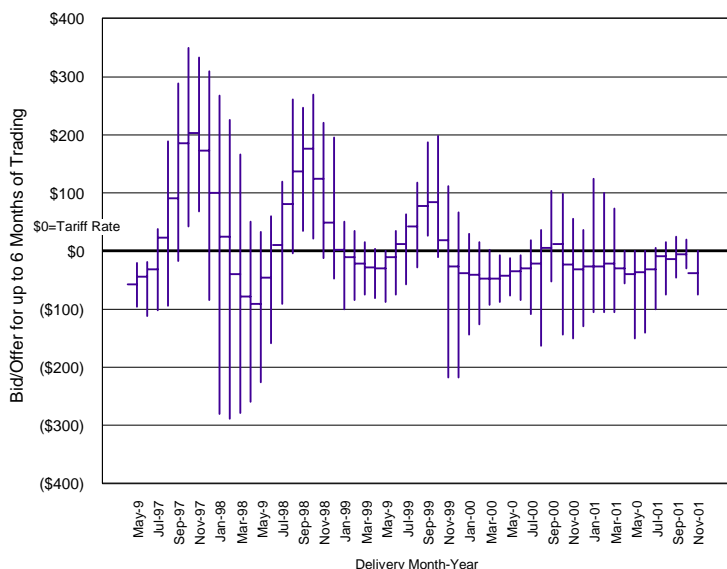
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Grain Bid Summary

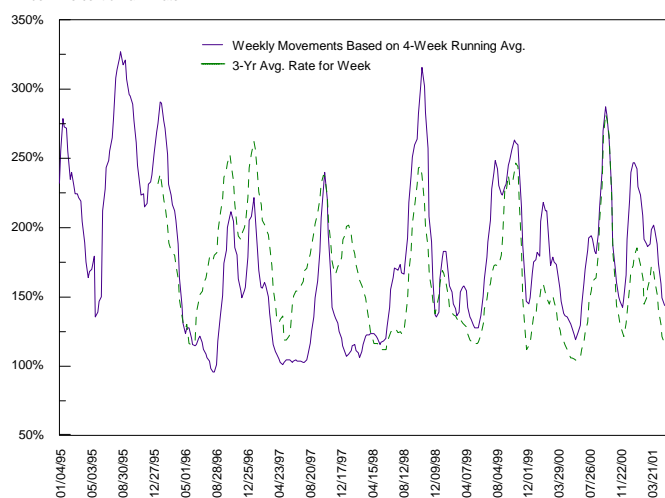


Spot Barge Rate - Illinois River

Secondary Rail Market Bids



Index - Percent of Tariff Rate



Rail Car 'Auction' Offerings

Delivery for:	Jun-01		Aug-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	6%	12,286	27%
UP-GCAS	5,400	0%	5,400	1%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jun-01	Jul-01	Aug-01	Sep-01
BNSF-GF	\$25	\$12	\$19	\$28
UP-Pool	\$0	\$(14)	\$(15)	\$(12)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jul-01	Aug-01	Sep-01
COT/N. Grain	\$1	no bid	no bid
COT/S. Grain	\$0	\$1	\$0
GCAS/Region 2	no bid	no offer	no offer
GCAS/Region 4	no bid	no offer	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

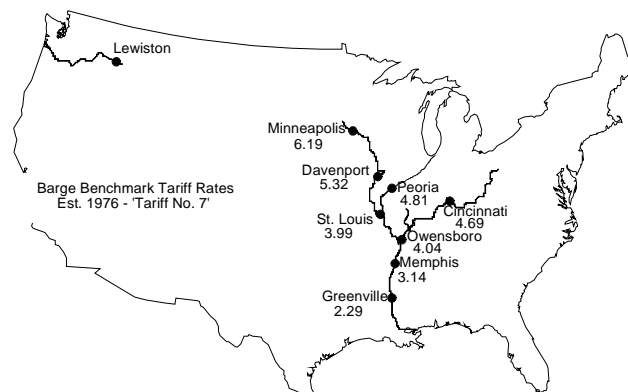
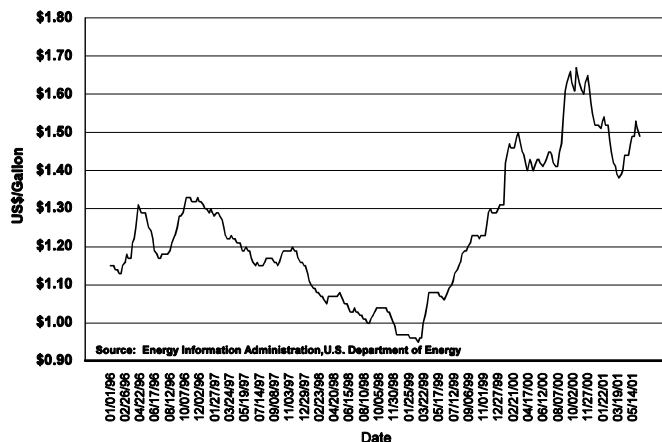
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
06/19/01	St. Louis	Jul	139	145
		Sept	205	210
		Nov	160	175
		Jan	133	0
		Mar	140	0
	Illinois River	Jul	183	178
		Sept	235	235
		Nov	190	190
		Jan	0	0
		Mar	0	0

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	6/13/01	6/6/01	July '01	Sept '01
Twin Cities	227	204	231	267
Mid-Mississippi	195	186	191	247
Illinois River	180	161	182	243
St. Louis	143	141	144	205
Lower Ohio	134	123	160	244
Cairo-Memphis	135	122	143	203

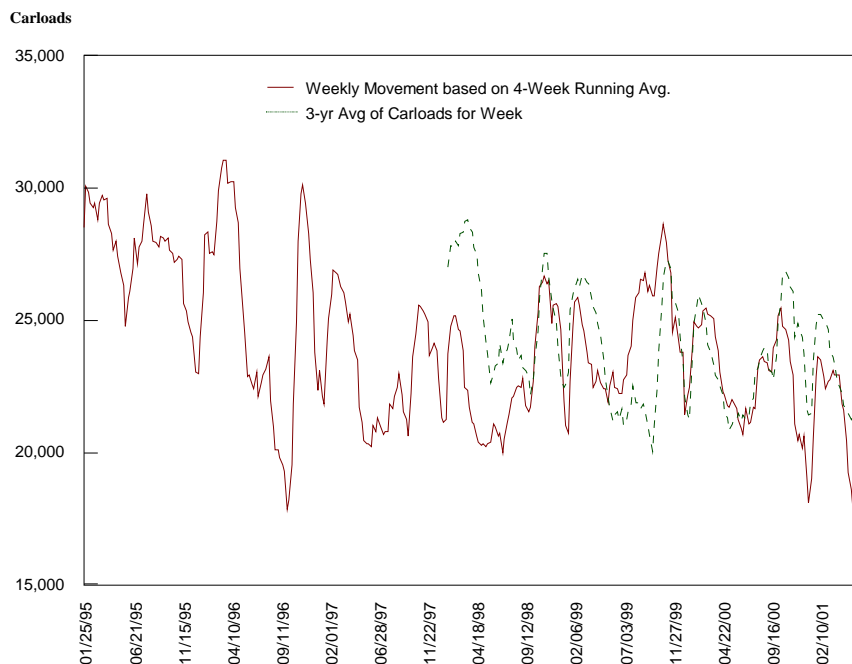
Source: Transportation & Marketing /AMS/USDA
nq=no quote;

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/26/01	18,043
6/2/01	17,599
6/9/01	18,243
Year to Date - 2001	484,587
Year to Date - 2000	540,952
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

Train Carloads Originated									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/09/01	0	2,896	0	3,010	5,529	301	6,507	4,466	4,065
This Week Last Year	0	2,703	1,913	2,790	6,266	498	6,066	2,480	4,474
2001 YTD	0	71,005	0	71,399	181,284	10,235	150,664	111,423	102,209
2000 YTD	0	65,713	40,919	67,670	179,782	13,210	173,658	62,569	102,529
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

June 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/11/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
06/11/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
06/11/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
06/11/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
06/11/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
06/11/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
06/11/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
06/11/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
06/11/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
06/11/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

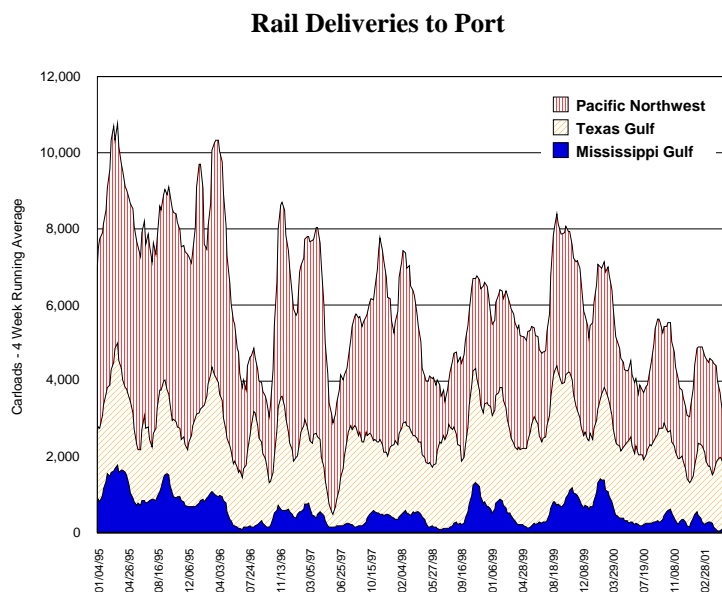
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port**Carloads**

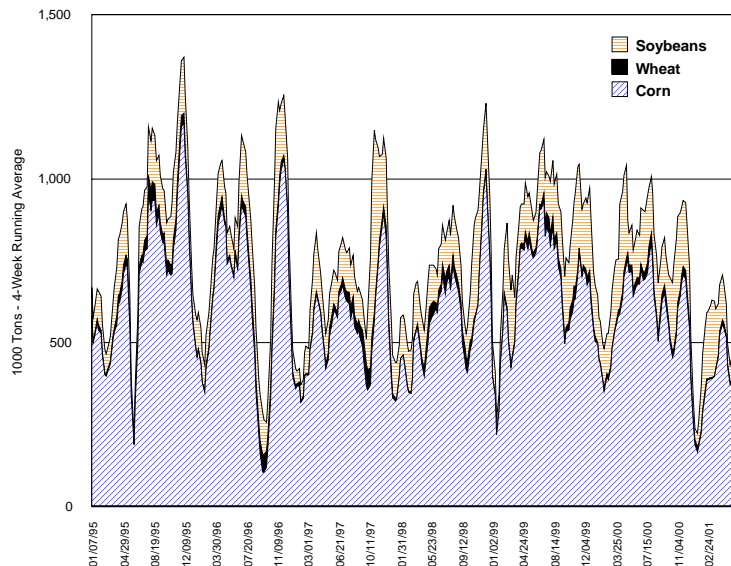
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
5/9/01	110*	1,516	1,230	118
5/16/01	183*	1,211	1,103	196
5/23/01	78*	1,228	1,400	390
5/30/01	123*	1,088	530	31
6/6/01	8*	928*	1,923	152
6/13/01	2*	1,003*	1,285	55
YTD 2001	5,097*	35,939*	50,909	13,630
YTD 2000	17,009	49,911	66,456	7,372
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data

(**) Revised Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 6/9/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	303	23	48	374
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	0	0	0	0
Granite City, IL (L27)	0	0	0	0
Illinois River (L8)	236	5	48	289
Ohio (L52)	27	2	17	79
Arkansas (L1)	0	13	1	14
2001 YTD	10,838	795	4,135	16,706
2000 YTD	14,035	843	4,027	19,721
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers; n/a=not available

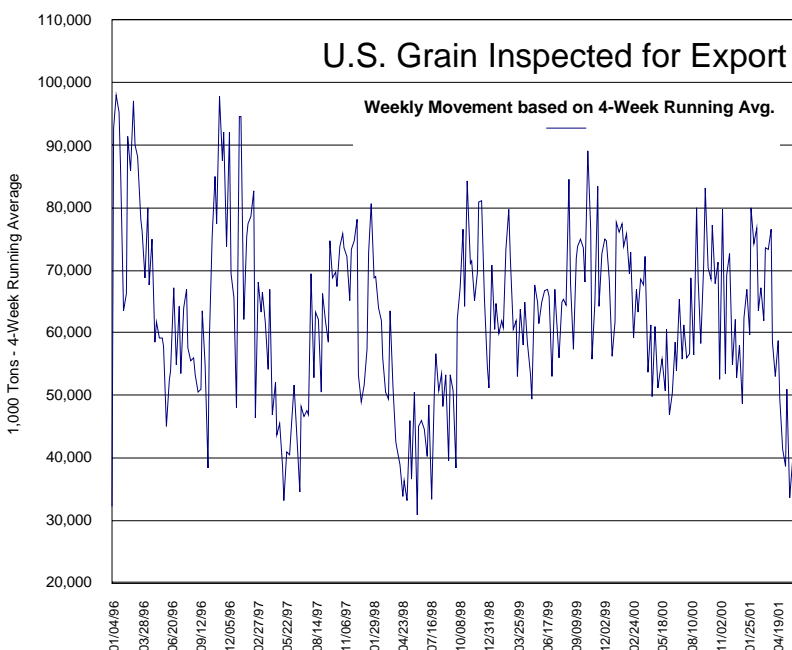
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
06/07/01	946	551	830	436	176	2,940	7,517	2,864	13,320
This Week Year Ago	1,062	764	765	603	256	3,450	7,780	2,498	13,727
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	98	28	73	61	31	291	34,243	24,439	58,973
99/00 YTD	262	37	135	26	0	460	37,500	17,713	55,673
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

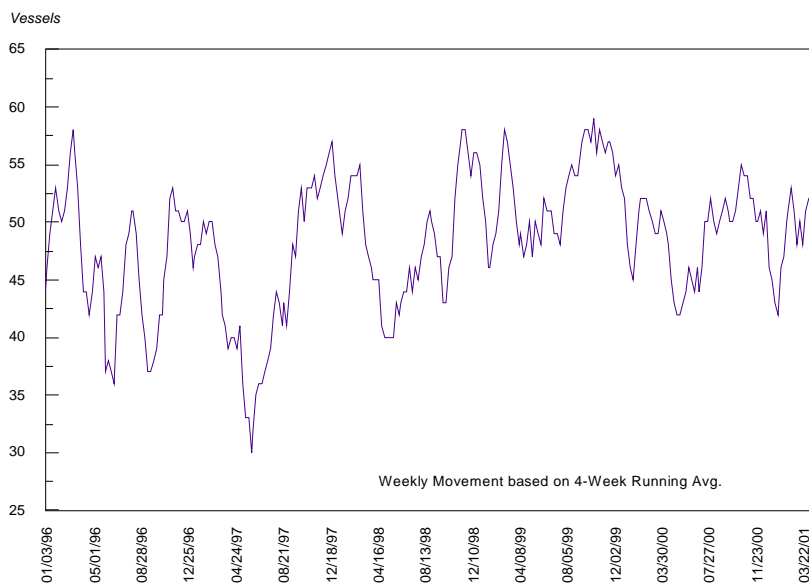
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/14/01	184	137	13	100	555	83	138	0	0
2001 YTD	4,633	2,046	1,216	2,468	14,065	7,839	2,505	164	780
2000 YTD	4,333	3,410	689	2,773	15,158	8,349	2,884	169	772
% of Last Year	46%	23%	106%	34%	39%	50%	29%	29%	52%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 6/14/01			
Vancouver	5,107	450	1,151
Prince Rupert	2,053		2
Prairie Direct	1,091	307	448
Thunder Bay	672	229	75
St. Lawrence	2,255	1,929	26
2000 YTD Exports	11,178	2,915	1,702
1999 YTD Exports	12,477	3,008	1,523
% of Last Year	90%	97%	112%



**Gulf Region
Vessels Loaded
- Past 7 Days-**

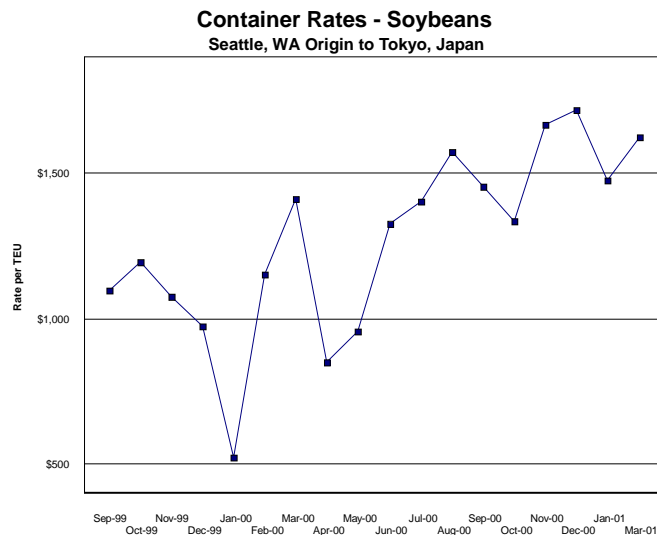
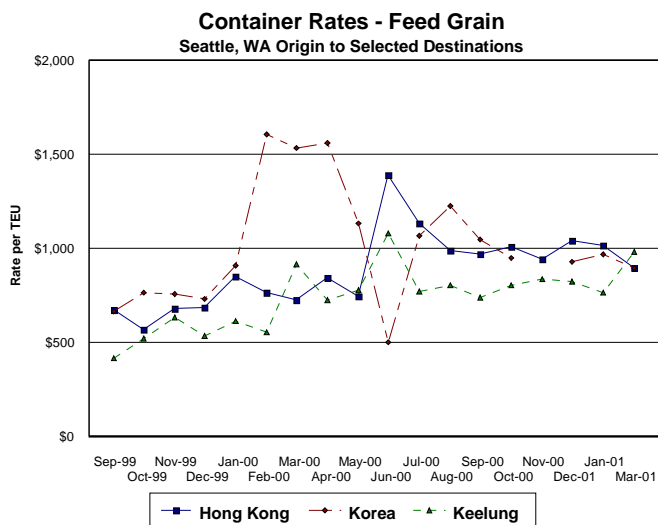
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
06/07/01	33	30	54	5			7	9	2
06/14/01	45	32	64	4			11	8	1
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

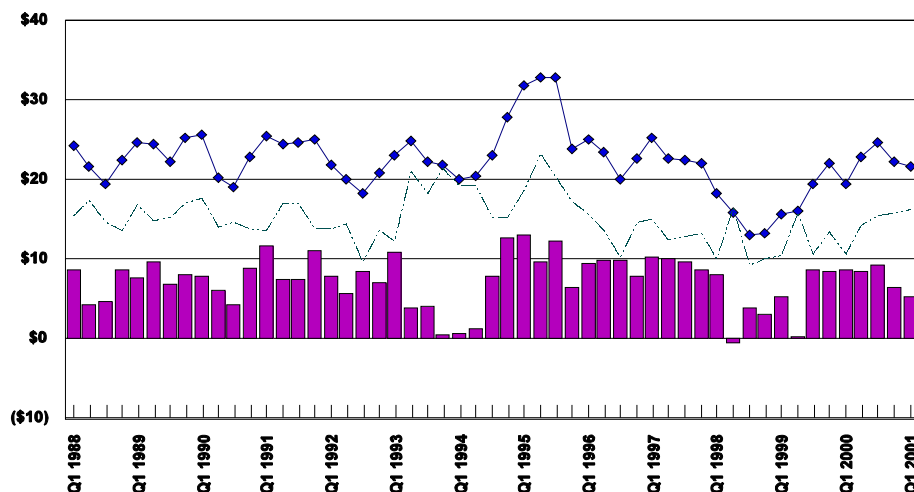
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 1 st Qtr	2000 1 st Qtr	% Change		2001 1 st Qtr	2000 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$21.70	\$21.15	3%	Japan	\$16.36	\$19.93	-18%
Mexico		\$14.39		Red Sea/ Arabian Sea		\$21.38	
Venezuela	\$13.53	\$11.29	20%				
N. Europe	\$15.19	\$14.25	7%	Argentina to			
N. Africa	\$26.25	\$18.40	43%	N. Europe	\$16.47	\$17.67	-7%
				Japan	\$30.51	\$27.23	12%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 6/16/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Egypt (Med.)	Wheat	Jun25/Jul5	55,000	\$15.00
Gulf	Morocco	Corn	Jun18/20	30,000	\$19.75
Brazil	Lisbon/Hamburg	Grain	Jun18/23	25,000	\$17.00
Parana River	Denmark	Grain	Jun140/22	35,000	\$18.75
Parana River	Morocco	Soybeans	Jun20/30	20,000	\$24.00
Hamburg	Saudi op Red Sea	Barley	Prompt	55,000	\$16.50op\$14.50
South Africa	Japan	Corn	Jun18/25	33,000	\$21.25

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated;
 op=option